

## B&O Tax on Timber Harvesting

Timber harvesting in Washington State is considered a business activity and is subject to the Business and Occupation tax (B&O). The B&O tax is in addition to the Forest Excise Tax.

RCW 82.04.333 provides a limited exemption from B&O tax for small harvesters whose gross proceeds from the sale of logs is less than one hundred thousand dollars per calendar year. Gross proceeds include harvesting and marketing costs (hiring a logger, trucker, consulting forester, etc.).

If you do not qualify for this exemption, the B&O tax is calculated as follows:

Gross Proceeds	\$198,000.00
B&O Tax Rate	<u>x .00484</u>
B&O Tax Due	\$ 958.32

If the actual gross proceeds can not be obtained, you can calculate the estimated gross proceeds by using a ratio of 0.65 based on the departmental allowance, as shown in the following example:

Total Taxable Stumpage Value (net to taxpayer)	\$ 98,000.00
Ratio for Gross Proceeds	<u>÷ .65</u>
Estimated Gross Proceeds	\$150,769.23
B&O Tax Rate	<u>x .00484</u>
B&O Tax Due	\$ 729.72

When calculating the B&O tax a Multiple Activities Tax Credit (MATC) and/or a Small Business Credit may be applicable. For more information on these credits, please contact the Department of Revenue at 1-800-548-8829.

Reporting Frequencies are determined as follows:

If Estimated Tax Liability Is:	Your Reporting Frequency Is:
Over \$4,800 per year (Annual <b>Gross Proceeds</b> of over \$991,735)	Monthly
Between \$1,050 and \$4,800 per year (Annual <b>Gross Proceeds</b> of \$216,943 to \$991,735)	Quarterly
Less than \$1,050 per year (Annual <b>Gross Proceeds</b> of up to \$216,943)	Annual

**NOTE:** To register for the Business & Occupation tax portion of your timber harvest, please call 1-800-548-8829.

State of Washington  
Special Programs Division  
Forest Tax Program  
PO Box 47472  
Olympia WA 98504-7472

Toll Free – 1-800-548-8829  
Olympia – (360) 570-3203  
Fax – (360) 664-8438  
Internet – <http://dor.wa.gov>  
Teletype – 1-800-451-7985

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users may call 1-800-451-7985.